

**Co-operative Opportunities
in the
Restructured Electric Industry
Workshop Report
31 July 1996**

On the 31 July 1996 the Co-operative Federation of Victoria Ltd and Co-operative Energy Ltd jointly convened a workshop for co-operatives to discuss co-operative opportunities in the restructured electric industry.

Twenty three people were at the workshop - representing 12 co-operatives:

Australian Friendly Societies Association
Bonlac Foods Limited
Co-operative Energy Ltd
Co-operative Federation of Victoria Ltd
Orbost Power Co-operative Ltd
Purchasing Victoria
Rural Industries Co-operative Ltd
Southern Energy Co-operative Ltd
South Kingsville Health Services Co-operative Ltd
Urban Camp Melbourne Co-operative Ltd
Waverley Trading Co-operative Ltd
YCW Co-operative Society Ltd

A further nine co-operatives apologised for being unable to send a representative but expressed interest in the possibilities and the workshop outcomes.

The workshop was chaired by the Chairman of Co-operative Energy Ltd, Mr G. Charles. An information kit was provided to all participants. Brief presentations on the opportunities for co-operatives were presented by:

- Vern Hughes, Co-ordinator, Co-operative Opportunities Project, Co-operative Federation of Victoria Ltd
- The Hon Chris Strong, MLC, Chairman of Victorian Parliament Economic Development Committee
- Murray Harding, Purchasing Victoria
- Peter Carter, Ergon Energyⁱⁱ
- Ian Pearce, Orbost Power Co-operative Ltd
- David Griffiths, Co-operative Energy Ltd

A Co-operative Opportunity

The presentations highlighted that there is an opportunity for existing and new co-operative involvement in the restructured electric industry. The emphasis was not on the feasibility of co-operative involvement but rather determining the feasible basis for involvement. The presentations included the following points:

- There is a potential for co-operatives to start getting involved now as there is a surplus generation capacity and suppliers are keen on establishing market share in the short and long term.
- While current Government policy excludes most small consumers from choice of suppliers and services until 2000, this could be influenced by the organisation of small consumers through co-operatives and the Government may be persuaded to bring contestability forward.

- Power suppliers will be attracted to small consumers who aggregated their loads through co-operatives because co-operatives will provide economies of scale and stable and reliable relationships with suppliers.
- This is confirmed by the USA experience where power suppliers prefer dealing with co-operatives - because they are considered to be diverse, reliable and honest. There are approximately 1000 electric co-operatives in the USA.
- Co-operatives should start planning for their involvement now rather than later because of the need to create a co-operative presence in the market and establish the future basis for cheaper power and better services. In the absence of involvement, it is inevitable that large consumers will use their bargaining power to the ultimate disadvantage of small consumers. Because of this, unless co-operatives start working together now the opportunity may not exist in the future. The USA National Rural Electric Cooperative Association has offered to assist this stage on a as requested basis.
- There are a number of other organisations who have expressed concern about the restructuring of the electric industry who also represent small consumers and who would respond favourably to a co-operative initiative e.g. Catholic Commission for Justice, Development and Peace and the Victorian Council of Social Service.

It was agreed to support the establishment of a Co-operative Task Force convened by the Co-operative Federation of Victoria Ltd and Co-operative Energy Ltd to further explore the opportunities for co-operatives in the restructured electric industry. Co-operatives representatives responded favourably to the potential and the opportunity to work together for the mutual benefit of their members. Various co-operators at the workshop volunteered to participate on the proposed Co-operative Task Force:

Australian Friendly Societies Association
Bonlac Foods Limited
Co-operative Energy Ltd
Purchasing Victoria
Rural Industries Co-operative Ltd
Waverley Trading Co-operative Ltd
YCW Co-operative Society Ltd

The Rural Industries Co-operative Ltd has offered its venue for the next meeting. The immediate task of the Co-operative Task Force will be to establish its terms of reference and identify resourcing requirements.

CO-OPERATIVE TASK FORCE

The next meeting of the Board of the Co-operative Federation of Victoria Ltd was on 15 August 1996. At this meeting the Board endorsed the establishment of a Co-operative Task Force jointly convened by the Co-operative Federation of Victoria Ltd and Co-operative Energy Ltd.

Tony Gill
Secretary, Co-operative Federation of Victoria Ltd

David Griffiths
Secretary, Co-operative Energy Ltd

25 August 1996

The Information Kit included the following documents:

Co-operative Energy Ltd **Choice Realities**, 1996
Co-operative Energy Ltd **Co-operative Power**, 1995
Co-operative Energy Ltd **What is an electric co-operative?** 1995
Co-operative Federation of Victoria Ltd **Introducing Co-operatives**, 1995
Co-operative Federation of Victoria Ltd **Introducing the Co-operative Federation of Victoria Ltd**, 1995
Co-operative Federation of Victoria Ltd **Victorian Co-operative News**
National Rural Electric Cooperative Association **Facts About America's Rural Electric Systems**
Office of the Regulator-General, **Victoria Choice of Electricity Retailer**, 1996
Office of the Regulator-General, **Victoria Information Kit**, 1995
Orbost Power Co-operative Ltd **Transcript of Rural Electric Co-operatives Seminar**, 1993

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The Chairman welcomed Ergon because of their work with the Purchasing Victoria co-operative but emphasised there was no specific endorsement of Ergon by the Co-operative Federation of Victoria Ltd or Co-operative Energy Ltd.